

OPENING STATEMENT OF REP. EDWARD J. MARKEY (D-MA)**HOUSE ENERGY AND POWER SUBCOMMITTEE****OVERSIGHT HEARING ON THE PROPOSED EXXON-MOBIL MERGER****THURSDAY, MARCH 11, 1999**

Thank you, Mr. Chairman. I would like to begin by commending you for calling this second oversight hearing to review the proposed merger of Exxon and Mobil.

As the Subcommittee heard yesterday, the merger of Exxon, our nation's largest domestic oil company, and Mobil, the nation's second largest domestic oil company, would represent the largest industrial merger in history. The testimony we heard from the Federal Trade Commission at our last hearing indicated that presently Exxon and Mobil face each other at just about every level of the oil and gas industry – from the exploration for and production of crude oil, to the refining of crude oil into gasoline, home heating oil, or other petroleum products, to the manufacture of petrochemicals and lubricants, to the marketing of gasoline and other fuels to the consumer. We also heard that this proposed merger is not occurring in a vacuum, but appears to be part of a larger ongoing trend of consolidation and concentration in the oil and gas industry. The FTC noted, and I agree, that the existence of a trend towards concentration in an industry is highly relevant in examining the consequences of a merger and compels us to carefully consider the consequences of further concentration.

Today we will be hearing directly from the Chairman and Chief Executive Officers of Exxon and Mobil. We will be examining the trends in the domestic and global oil and gas markets – such as persistent low prices and increased exploration and production costs – that are said to be driving the current trend towards concentration and consolidation in the oil industry. We will be hearing about the potential benefits that the proposed merger could produce in terms of the increased savings and synergies that could accompany the combination of the assets and resources of these two industry leaders.

As I indicated yesterday, I am willing to accept the proposition that there may be a compelling business and economic rationale for a consolidation in the oil industry, particularly in the areas of exploration and production. But I also believe that a transaction of this size and scope clearly merits serious attention and scrutiny by our nation's antitrust regulators to assure that it does not stifle competition or result in higher prices for consumers purchasing gas at their local service station or heating oil for their homes. It is therefore absolutely essential for the FTC to look very carefully at the impact of this proposed merger on regional wholesale and retail markets in the United States. The new company to be created out of this merger reportedly will be called Exxon-Mobil. It is our duty to assure that its real name does not become "Standard Oil" – a name synonymous in this country with excessive monopoly power.

During today's hearing, I will be particularly interested in hearing from both Exxon, Mobil, and the other witnesses about how we can assure that merger, if approved, can be structured to address any potential anti-competitive effects on regional wholesale and retail markets, particularly in the Northeast. Thank you, again, Mr. Chairman, for calling today's meeting. I look forward to hearing the testimony from our witnesses.